

Message Text

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TO AMEMBASSY BRASILIA

C O N F I D E N T I A L STATE 006542

LIMDIS

E.O. 11652: GDS

TAGS: ETRD, BR

SUBJECT: COUNTERVAILING DUTY INVESTIGATION -- LEATHER
HANDBAGS

REF: STATE 3558

BEGIN LIMITED OFFICIAL USE

1. FOR AID IN EXPLAINING RECENT TREASURY LEATHER HAND-
BAG COUNTERVAILING DUTY DETERMINATION EMBASSY MAY DRAW
ON FOLLOWING COMMENTS:

A. ALL ENTRIES OF LEATHER HANDBAGS FROM BRAZIL INTO THE
U.S. FROM MIDNIGHT JANUARY 13 WILL BE SUBJECT TO THE
COUNTERVAILING DUTY ORDER AND WILL BE ASSESSED AN ADDI-
TIONAL DUTY OF FOURTEEN PERCENT (CVD DETERMINATION WILL
NOT BE PUBLISHED IN FEDERAL REGISTER UNTIL JANUARY 12 DUE
TO ADMINISTRATIVE PROBLEMS). HOWEVER, LIQUIDATION OF
ENTRIES OF BRAZILIAN LEATHER HANDBAGS FROM ANY GIVEN
EXPORTER CAN BE SUSPENDED ON REQUEST OF THE U.S. IMPORTERS
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OF SUCH HANDBAGS WITHIN THIRTY DAYS FROM THE PUBLICATION

OF THE COUNTERVAILING DUTY DETERMINATION.

B. SUSPENSION OF LIQUIDATION MEANS THAT FINAL DUTY LIABILITY IS NOT ESTABLISHED AT THE TIME OF ENTRY OF MERCHANDISE. IMPORTERS WHICH REQUEST SUSPENSION WILL STILL

BE REQUIRED TO PAY, IN ADDITION TO THE TEN PERCENT NORMAL DUTY, AN ADDITIONAL ESTIMATED COUNTERVAILING DUTY OF FOURTEEN PERCENT ON ENTRY OF LEATHER HANDBAGS FROM BRAZIL. IMPORTERS NOT REQUESTING SUSPENSION WILL PAY FINAL DUTIES OF TWENTY-FOUR PERCENT AT ENTRY AND DO NOT HAVE POSSIBILITY OF REFUND AS DESCRIBED BELOW. AT THE END OF 1976, THOSE BRAZILIAN EXPORTERS OF MERCHANDISE ON WHICH LIQUIDATION HAS BEEN SUSPENDED WILL BE REQUESTED TO DOCUMENT THE AMOUNT OF EXPORT INCENTIVES ACTUALLY UTILIZED DURING 1976. IF THE EXPORTER DOES NOT SO DOCUMENT THE AMOUNT OF HIS INCENTIVES, THE ENTRIES FOR WHICH AN ESTIMATED COUNTERVAILING DUTY OF FOURTEEN PERCENT HAD BEEN COLLECTED WOULD BE FINALLY LIQUIDATED AT THE 14 PERCENT RATE. HOWEVER, THE U.S. IMPORTERS FOR THOSE BRAZILIAN EXPORT FIRMS WHICH DOCUMENT A UTILIZATION RATE OF LESS THAN 14 PERCENT WOULD BE REFUNDED THE DIFFERENCE BETWEEN THE ESTIMATED FOURTEEN PERCENT PAID AND THE ACTUAL UTILIZATION OF INCENTIVES. FOR EXAMPLE, IF THE BRAZILIAN FIRM ACTUALLY RECEIVES INCENTIVES OF EIGHT PERCENT THE IMPORTER WOULD RECEIVE A SIX PERCENT REFUND. END LIMITED OFFICIAL USE.

C. BEGIN CONFIDENTIAL. FOR THE PURPOSES OF CALCULATING INCENTIVES RECEIVED, THE GOB SUBMITTED INFORMATION ON TEN OF THIRTY-THREE BRAZILIAN LEATHER HANDBAG EXPORTERS WHICH REPRESENTED APPROXIMATELY SEVENTY-TWO PERCENT OF BRAZILIAN LEATHER HANDBAG EXPORTS. WHILE IT IS NOT POSSIBLE TO GIVE A COMPLETELY ACCURATE ESTIMATE OF THE AMOUNT OF INCENTIVES RECEIVED BY THE TEN FIRMS, THE FOLLOWING LIST WILL GIVE SOME IDEA OF THE AMOUNT OF INCENTIVES CALCULATED FOR EACH OF THE TEN FIRMS. (THE FOURTEEN PERCENT RATE WAS THE WEIGHTED AVERAGE RATE FOR THREE FIRMS THAT REPRESENT SIXTY-TWO PERCENT OF THE TOTAL EXPORTS FOR THE TEN FIRMS ON WHICH INFORMATION WAS GIVEN.) EMBASSY PLEASE NOTE THAT FOLLOWING IS BASED ON INFORMATION SUBMITTED BY CONFIDENTIAL

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GOB IN CONFIDENCE. MALAS WEBER (FIFTEEN POINT SIXTY-FOUR PERCENT), DIANA PAOLUCCI (FOURTEEN POINT FORTY-EIGHT PERCENT), MUNDIAL ARTEFACTOS DE COURO S.A. (FOURTEEN POINT ZERO SIX PERCENT), TREVOLI S.A. (THIRTEEN PERCENT), BERGAMO BOLSAS LTDA (TWELVE POINT TWENTY-NINE PERCENT), A.A.A. IND. E COM. S.A. (TWELVE POINT ZERO TWO PERCENT), TOLI IND. COMM COM. DE ART. DE COURO (EIGHT POINT TWENTY-FIVE PERCENT), SUPERBOLSAS S.A. IND. E COM. (SEVEN POINT

EIGHTY-TWO PERCENT), CORBRAS ART. COURO LTDA. (NINE POINT EIGHT PERCENT). VERY GENERALLY, TREASURY HAS FOUND THAT THE GREATER THE PERCENTAGE OF TOTAL EXPORT RECEIPTS OF A FIRM IN RELATION TO TOTAL RECEIPTS THE LOWER THE AMOUNT OF INCENTIVES UTILIZED. FOR EXAMPLE, MALAS WEBER'S EXPORT RECEIPTS ARE APPROXIMATELY EIGHTEEN PERCENT RECEIPTS WHILE SUPERBOLSAS EXPORT RECEIPTS REPRESENT ROUGHLY SEVENTY-FIVE PERCENT OF TOTAL RECEIPTS. END CONFIDENTIAL. KISSINGER

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